

New SCO Year-End Reporting Requirements for Capitalization of Intangible Assets

The State Controller's Office (SCO) recently released their FY 2009-10 Year-End Financial Reports Procedure Manual. One of the new requirements for the 2009-10 Year-End Reporting is the Governmental Accounting Standards Board No. 51 (GASB 51) that changes the way fixed assets are reported on the Statement of Changes in General Fixed Assets (Report No. 18) and the Statement of General Fixed Assets (Report No. 19). Refer to Budget Letter number 10-13 for more information on Capitalization of Intangible Assets. This Budget Letter and its attachments can be found at: http://www.dof.ca.gov/budgeting/budget_letters/.

The CALSTARS Transaction Codes **490**, **491**, **493**, and **494** will be used to record Intangibles Assets acquired or developed after July 1, 2009. These transaction codes are modified to add the new General Ledger Accounts for Fixed Assets.

The CALSTARS Transaction Codes **601** and **602** will be used to record retroactive Intangible Assets and other adjustments. These will adjust the beginning balance column in the Statement of Changes in General Fixed Assets (Report No. 18).

The following accounting events are examples of the CALSTARS Transaction Codes to use for recording retroactive and reclassifying Capitalized Intangible Assets for governmental funds.

Accounting Event	TC	Journal Entry
1) The retroactive establishment of an Intangible Asset - This adjusts the beginning balance column in CSTARG05 –Report 18. (Fund 0997)	601	Dr. 2411 Computer Software \$1,000,000
		Cr. 9998 Start of System Clearing Account \$1,000,000
	602	Dr. 9998 Start of System Clearing Account \$1,000,000
		Cr. 5200 Investment in General Fixed Asset \$1,000,000
2) The reclassification of an Intangible Asset - This adjusts the beginning balance column in CSTARG05 – Report 18. (Fund 0997)	602	Dr. 9998 Start of System Clearing Account \$2,500,000
		Cr. 2410 Intangible Asset \$2,500,000
	601	Dr. 2413 Patent, Copyrights, and Trademarks \$2,500,000
		Cr. 9998 Start of system Clearing Account \$2,500,000

Note: Proprietary funds will utilize the same transaction codes listed above.

G05 REPORT BEFORE RECLASSIFY & RETROACTIVE BEGINNING BALANCE COLUMN

```

CSTARG05 9990 (DEST: A1 CTL1) PY, ,0,0,0,2,          ,          ,          ,          ***** RUN:07/31/10 TIME:19.01
PRIOR FISCAL YEAR: 2009      0(ORG )***** 2(BYFDT )*****

```

DEPARTMENT OF AIR QUALITY (9990)
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
AS OF 06/30/10

REPORT 18

AS OF 06/30/10

***** PAGE 1

FUND: 0997 CALSTARS GENERAL FIXED ASSETS ACCOUNT GROUP REPORT

FUND DETAIL: 01 FUND 0001 - GENERAL FUND

GL_Acct	Account Title	D/C	Beginning Balance	Additions	Deductions	Ending Balance	Acct No.
2310	Land	D	3,602,108.00	.00	735,000.00	2,867,108.00	2310
2341	Equipment	D	271,591.96	786,895.00	.00	1,058,486.96	2341
2410	Intangible Assets	D	2,500,000.00	.00	.00	2,500,000.00	2410
*TOTAL FUND DETAIL 01			6,373,699.96	786,895.00	735,000.00	6,425,594.96	
*TOTAL FUND 0997			6,373,699.96	786,895.00	735,000.00	6,425,594.96	

I CERTIFY (OR DECLARE) UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT AND THAT I HAVE NOT VIOLATED ANY OF THE PROVISIONS OF ARTICLE 4, CHAPTER 1, DIVISION 4, TITLE 1, GOVERNMENT CODE (COMMENCING WITH SECTION 1090).

SUBSCRIBED AND EXECUTED THIS 31ST DAY OF JULY, 2010 AT SACRAMENTO, CALIFORNIA

U. R. Dunne
SIGNATURE OF OFFICER

U. R. DUNNE
ACCOUNTING ADMINISTRATOR

REPORT AS OF JUNE 30 INCLUDES YEAR-END ACCRUALS PURSUANT
TO STATE ADMINISTRATIVE MANUAL INSTRUCTIONS

***** RUN:07/31/10 TIME:19.01

REPORT 19

***** PAGE 1

DEBIT	CREDIT
BALANCE	BALANCE

- I CERTIFY (OR DECLARE) UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT AND THAT I HAVE NOT VIOLATED ANY OF THE PROVISIONS OF ARTICLE 4, CHAPTER 1, DIVISION 4, TITLE 1, GOVERNMENT CODE (COMMENCING WITH SECTION 1090).

CALIFORNIA

REPORT AS OF JUNE 30 INCLUDES YEAR-END ACCRUALS PURSUANT
TO STATE ADMINISTRATIVE MANUAL INSTRUCTIONS

U. R. DUNNE
ACCOUNTING ADMINISTRATOR

CSTARG05 9990 (DEST: A1 CTL1) PY, ,0,0,0,2, , , , , , , , , , ***** RUN:07/31/10 TIME:19.01
PRIOR FISCAL YEAR: 2009 0(ORG)***** 2(BYEDT)*****

DEPARTMENT OF AIR QUALITY (9990)
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
AS OF 06/30/10

REPORT 18

***** PAGE 1

FUND: 0997 CALSTARS GENERAL FIXED ASSETS ACCOUNT GROUP REPORT

FUND DETAIL: 01 FUND 0001 - GENERAL FUND

GL ACCT	ACCOUNT TITLE	D/C	BEGINNING BALANCE	ADDITIONS	DEDUCTIONS	ENDING BALANCE	ACCT NO.
2310	LAND	D	3,602,108.00	.00	735,000.00	2,867,108.00	2310
2341	EQUIPMENT	D	271,591.96	786,895.00	.00	1,058,486.96	2341
2411	COMPUTER SOFTWARE	D	1,000,000.00 (1)	.00	.00	1,000,000.00	2411
2413	PATENT, COPYRIGHTS, AND TRADEMARKS	D	2,500,000.00 (2)	.00	.00	1,500,000.00	2413
*TOTAL FUND DETAIL 01			7,373,699.96	786,895.00	735,000.00	7,425,594.96	
*TOTAL FUND 0997			7,373,699.96	786,895.00	735,000.00	7,425,594.96	
RESTATED BEG BAL							

(1) USED TC 601/602 TO RETROACTIVELY ESTABLISH 1,000,000 IN GL 2411

(2) USED TC 601/602 TO RECLASSIFY 2,500,000 FROM GL 2410 TO GL 2413.

I CERTIFY (OR DECLARE) UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT AND THAT I HAVE NOT VIOLATED ANY OF THE PROVISIONS OF ARTICLE 4, CHAPTER 1, DIVISION 4, TITLE 1, GOVERNMENT CODE (COMMENCING WITH SECTION 1090).

SUBSCRIBED AND EXECUTED THIS 31ST DAY OF JULY, 2010 AT SACRAMENTO, CALIFORNIA

U. R. Danne
SIGNATURE OF OFFICER

U. R. DUNNE
ACCOUNTING ADMINISTRATOR

REPORT AS OF JUNE 30 INCLUDES YEAR-END ACCRUALS PURSUANT
TO STATE ADMINISTRATIVE MANUAL INSTRUCTIONS

***** RUN:07/31/10 TIME:19.01

REPORT 19

***** PAGE 1

DEBIT BALANCE	CREDIT BALANCE
2,867,108.00	0.00
1,058,486.96	0.00
1,000,000.00	0.00
2,500,000.00	0.00
7,425,594.96	0.00
0.00	7,425,594.96
0.00	7,425,594.96

2. SUBSIDIARY FIXED ASSET RECORDS ARE IN AGREEMENT WITH THE GENERAL LEDGER CONTROL ACCOUNTS AS SHOWN ABOVE.

PROVISIONS OF ARTICLE 4, CHAPTER 1, DIVISION 4, TITLE 1, GOVERNMENT CODE (COMMENCING WITH SECTION 1090).

SUBSCRIBED AND EXECUTED THIS 31ST DAY OF JULY, 2010 AT SACRAMENTO, CALIFORNIA

U. R. Dunne
SIGNATURE OF OFFICER

REPORT AS OF JUNE 30 INCLUDES YEAR-END ACCRUALS PURSUANT
TO STATE ADMINISTRATIVE MANUAL INSTRUCTIONS

U. R. DUNNE
ACCOUNTING ADMINISTRATOR